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# MNE translation of corporate talent management strategies to subsidiaries in emerging economies

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#### ABSTRACT

The rise of emerging economies in recent years has motivated calls for research into how multinational enterprises translate their corporate strategies to subsidiaries in these countries. This study addresses this issue and presents a heuristic framework derived from the resource-based view and neo-institutional theory. We propose that the translation of corporate talent management strategies to emerging economies is affected by metropolitan and provincial institutional and cultural differences. We develop propositions pertaining to corporate-local level decision-making, community relations, skills shortages, and diversity, to inform future research and practice.

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#### 1. Introduction

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http://dx.doi.org/10.1016/j.jwb.2016.01.002 1090-9516/© 2016 Elsevier Inc. All rights reserved. Emerging economies are increasingly vital to the sustainability of multinational enterprises (MNEs) doing business in those countries (Harvey et al., 2000). Effective talent management of employees, and particularly of knowledge workers and managers

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is of strategic significance for these organizations (Tymon et al., 2010; Uen et al., 2012). Talent management research, however, has been limited by a North American focus and thus needs to be studied through the lens of different environments (Collings et al., 2011; Thunnissen et al., 2013). This is especially true in emerging economies (Vaiman et al., 2012) where talent management and retention are particularly crucial (Tymon et al., 2010; Vaiman et al., 2012). This study argues that effective translation of corporate talent management (CTM) strategy within MNEs requires efficient adaptation of CTM strategies to local conditions. Acquiring suitable talent, developing that talent into local management capability (Collings et al., 2007; Farndale et al., 2010), and better recognizing local knowledge and factors (Tymon et al., 2010; Vaiman et al., 2012) are likely to be important elements of talent management strategies for MNEs expanding into emerging economies.

Even after the global financial crisis of 2008–9 (Sparrow et al., 2013), organizations continue to face severe difficulties recruiting and retaining the talent to support global business (Scullion et al., 2008). This challenge is most critical for young professionals and new managers in emerging economies, as there are insufficient qualified candidates to meet the demand for talent during economic expansion, corporate growth, and periods of moderate to low unemployment (Tymon et al., 2010). At the same time, these regions present different institutional structures that need to be considered when developing CTM strategies (Sidani and Al Ariss, 2014; Sun et al., 2015).

In this article, we use the term "Translation" to describe the movement of management ideas and practices to new ideas through the process of transference and transformation (Ahlstrom et al., 2010; Czarniawska, 2009; Czarniawska and Sevon, 2005). Of the different modes of practice translation between corporate and subsidiary levels (Kostova, 1999), we focus on factors that affect the translation of strategy to subsidiaries in emerging economies at the macro organizational level. Borrowing from the human resource management (HRM) research by Wright and Boswell (2002), and Huselid and Becker (2011), we define *macro* we define *macro* as the strategy formulation and implementation of talent management. Through translation, organizational ideas are changed by specific factors as they move from one context to another (Carter, 2008). We analyze these factors in the context of MNEs in emerging economies.

To date, the academic literature has had little to say about the translation of talent management strategies to MNE subsidiaries located in emerging economies, focusing instead on developed economies (e.g., Boxenbaum, 2006). As a result, there is little theoretical or empirical direction for MNEs on how to translate CTM strategies from top to bottom business levels, and how local contextual factors affect the translation and reception of these strategies in emerging economies (bottom-up receptivity). For this reason, our study analyses the global orientation and contextspecificity of talent management strategies of MNE corporate and subsidiary levels, by building from the resource-based view (RBV) and neo-institutional theory (NIT). As a result, this research presents an integrative multilevel heuristic framework to guide future research in this area (Abrahamson, 2008). For this reason, this study therefore analyses the global orientation and contextspecificity of talent management strategies of MNE corporate and subsidiary levels, by building from the resource-based view (RBV) and neo-institutional theory (NIT). As a result, this research presents an integrative multilevel heuristic framework to guide future research in this area (Abrahamson, 2008). These theoretical lenses offer important benefits. They are both currently applied in the talent management field to study the strategic challenges that businesses face (Clark and Lengnick-Hall, 2012; Collings and Mellahi, 2009; Farndale and Paauwe, 2007; Festing et al., 2013; Meyers and van Woerkom, 2014; Meyers et al., 2013; Vaiman et al., 2012), including the application for emerging economies (Holden and Vaiman, 2013; Sidani and Al Ariss, 2014). Moreover, they demonstrated the need for research on talent management strategy translation, through both global and context-specific lenses.

At corporate level, the resource based view on talent management focuses on how organizations gain sustainable competitive advantage through differentiating talented employees who perform well, are unique and valuable, and occupy positions that create substantial contributions to a firm's strategic success (Becker and Huselid, 2006; Lepak and Snell, 1999). At the subsidiary level, neo-institutional theory focuses on the importance of recognizing institutional structures in emerging economies for effective talent management practices (Sidani and Al Ariss, 2014).

In summary, at the macro level, this study focuses on four research areas relevant to the translation of CTM strategies in emerging economies. First, in the context of global talent management research, it suggests the need for context-specific or indigenous research that involves the highest level of contextualization when focusing on emerging economies. Second, in the context of organizational strategic capabilities (Joyce and Slocum, 2012), this study explores the level of talent management required to provide adequate numbers of qualified people in emerging economies. Acknowledging the influence of more macro level factors on micro level analysis, this study also analyses two talent management functional tensions: acquired talent, and investments that vary between emerging economies. Third, this study analyses institutional factors of emerging economies that may affect CTM decision-making (Vaiman et al., 2012) at subsidiary level in both metropolitan and provincial locations. Finally, by analyzing these three themes, this study suggests a strategic balance between global assimilation and emerging economy local adaptation of talent management in MNEs (Sidani and Al Ariss, 2014; Stahl et al., 2012). It does so by arguing that talent management in MNEs should involve both institutional and cultural consistency, as well as management collaboration, while balancing global and local needs (Stahl et al., 2012).

Analyzing institutional and cross-cultural characteristics of the intricacies of emerging economies to achieve effective translation and competitive advantage provides two major contributions. First, the study addresses gaps in the literature on talent management, emerging economies and translation at the macro level. To this end, we present a heuristic framework illustrating the macro level factors influencing the translation of CTM from headquarters in developed economies to emerging economy subsidiaries. Furthermore, the study assists managers who wish to implement or improve corporate-to-subsidiary translation strategies in emerging economies.

#### 2. Literature review

Talent management has become one of the key strategic issues for leaders (e.g., Boudreau and Ramstad, 2007; Cappelli, 2008; Collings and Mellahi, 2009) as the management of knowledge workers and high potential employees is particularly important for global organizations (Tymon et al., 2010; Vaiman et al., 2012). Consequently, talent management has gained increasing attention in the last decade among practitioners and academics alike (Al Ariss et al., 2014). Although managing talent globally is critical to firm success, there are particular challenges in attracting, managing, and retaining talent in emerging economies where the availability of skilled employees is low (Tymon et al., 2010).

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#### 2.1. Emerging economies

With emerging economies "becoming the growth drivers of the global economy" (Pillania, 2009, p. 100), managers in these regions face several challenges including demanding institutions, shifting regulations, and continuous fluctuations in the marketplace (Wright et al., 2005). Researchers face issues in these economies because most theories arose from developed economies and not in countries with scarce resources (Wan, 2005). This has compelled researchers to investigate the grounds for MNE failures in emerging economies (Khanna and Palepu, 1997; Ramamurti, 2004), "how MNCs could successfully enter these low-income markets" (London and Hart, 2004, p. 350), and the speedy rise of MNEs from emerging economies (e.g., Thite et al., 2012; Yaprak and Karademir, 2011). Although managing talent is a challenge for organizations, it may be even more so in emerging economies (Tymon et al., 2010; Vaiman et al., 2012).

Three distinct characteristics of emerging economies drive the need to study CTM in MNEs. First, global CTM strategy involves focusing in particular on emerging economies (e.g., London and Hart, 2004; Narayanan and Fahey, 2005; Sparrow, 2012; Wright et al., 2005), because of their significant growth of foreign direct investment (FDI). In 2012, emerging economies secured more FDI than developed economies for the first time, and also generated almost one third of global FDI outflows (UNCTAD, 2013).

Second, due to lower levels of economic development than developed countries, there are notable socio-cultural differences between MNE headquarters (from developed economies) and subsidiaries (in emerging economies) (Harvey et al., 2000; Ferner, 2009: Glover and Wilkinson, 2007: Thite et al., 2012). MNEs invest in balancing the tension between the legitimacy demands of the different institutional contexts in which they operate, which in turn, generate local competitive advantage (Gardberg and Fombrun, 2006). Legitimacy is a prerequisite for any firm operating in a given context due to the access it provides to necessary resources and the resultant impact on performance (Rindova et al., 2007). Corporate reputation research describes legitimacy as one of the intangible corporate assets 'which buffer and protect companies from negative actions' (Gardberg and Fombrun, 2006, p. 331). Firms enhance their reputation by legitimizing their activities (Sridhar, 2012), however, how that legitimacy is achieved may vary based on distinct institutional environments, and specific demands on the MNEs (Kostova and Zaheer, 1999).

Third, these differences, along with an insufficient institutional infrastructure to perform global business in emerging economies (Wright et al., 2005), mean that MNE CTM strategies require skill building, workplace resources and an adequate number of qualified managers (Vaiman et al., 2012). Talent management research has examined the importance of capabilities for organizational sustainability (Collings and Mellahi, 2009) and factors influencing talent management decision-making in the global context (Vaiman et al., 2012), but failed to address both aspects in emerging economies.

#### 2.2. Talent management

The recessionary climate of the late 2000s compelled organizations to focus on maximizing the competitive advantage of their human capital (talent) (Al Ariss et al., 2014; Collings and Mellahi, 2009). Talent management is broadly related to HRM practices in organizations aiming to increase business performance (Al Ariss et al., 2014; Farndale et al., 2010; Meyers and van Woerkom, 2014). The growing body of literature illustrating the close relationship between strategic HRM and competitive advantage for MNEs suggests that talent management theories (e.g., Al Ariss et al., 2014; Collings and Mellahi, 2009; Meyers and van Woerkom, 2014) may assist in understanding how MNEs translate CTM strategies in these countries.

Many definitions exist for talent management (see Dries (2013) for a detailed review). In this article we adopt Collings and Mellahi's (2009, p. 304) definition of talent management as:

"activities and processes that involve the systematic identification of key positions that differentially contribute to the organization's sustainable competitive advantage, the development of a talent pool of high-potential and high-performing incumbents to fill these roles, and the development of a differentiated human resource architecture to facilitate filling these positions with competent incumbents, and to ensure their continued commitment to the organization".

This definition is useful because it links the strategic direction of business to talent management practices, which fits with the macro view of this research.

After reviewing 139 talent management articles published between January 2001 and May 2014, Gallardo-Gallardo et al. (2015) noted four prevalent theoretical frameworks. The dominant theoretical framework is the resource based view, which identifies key positions that differentially contribute to organizational sustainable competitive advantage (Collings and Mellahi, 2009). The second framework, *international HRM*, is used to enhance the global success of MNEs through the adaptation of HRM practices to their internal and external contexts. The third framework, *employee assessment*, focuses on the identification of leadership talent. Finally, *institutionalism* studies the cognitive and normative impact of institutions and how these shape actors.

Despite these commonalities across the field, talent management presents generic applicability issues. A main issue faced by MNEs is the application of talent management strategies developed for the USA to emerging economies (Vaiman et al., 2012) that present different cultural and institutional environments (Bae and Lawler, 2000). Hence, more indigenous talent management research is needed (Tsui, 2004; Vaiman et al., 2012).

#### 2.3. Macro and micro views of talent management

Recent macro-level research on strategy formulation and implementation of talent management focuses on the impact of national governmental and nongovernmental impacts (Khilji et al., 2015), education systems, human resource development planning, and societal problems (e.g., Cooke et al., 2014). Nevertheless, a macro view of CTM strategy translation is largely absent in the MNE literature. Talent management organizational strategies may affect the operational and functional view of this field (Huselid and Becker, 2011; Tansley et al., 2013) because they need to be recontextualized in emerging economies. For example, when firms implement talent management strategies to provide adequate numbers of qualified people in these countries, corporate or subsidiary level decision-makers develop their own selection, recruitment, development, performance appraisal, and rewards systems. Therefore, two functional aspects of talent management may be particularly relevant to emerging economies: talent acquisition (talent management practices designed to develop and gain experience) (Dries, 2013; Meyers and van Woerkom, 2014; Meyers et al., 2013); and talent management investments to attract, select, and retain talented employees to undertake key organizational positions (Becker and Huselid, 2006).

#### 2.4. Talent management research in emerging economies

Global level talent management research identifies general emerging economy issues for MNEs (Al Ariss et al., 2014; Collings, 2014; Farndale et al., 2010; Kim and McLean, 2012; Meyers and

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#### 4

Table 1 Ceperal tal

General talent management issues in emerging economies.

Talent management issue	Reference
Local tacit knowledge difficult to replicate, differing from corporate knowledge transferred to those economies.	Li & Scullion, 2010
Skill shortages: (1) skilled expatriates or international management talent from the MNE, who needs to manage	Chuai et al., 2008; Farndale et al., 2010;
in culturally complex and geographically distant countries; and (2) home-grown talent in emerging economies.	Hartmann et al., 2010; McDonnell et al., 2010; Meyers & van Woerkom, 2014;
	Sparrow, 2012; Tarique & Schuler, 2010;
	Tymon et al., 2010; Vaiman et al., 2012
Strong competition between MNEs and local players for the available talent.	Vaiman et al., 2012; Chuai et al., 2008
Retention of knowledge workers and managers.	Vaiman et al., 2012; Farndale et al., 2010
Attraction of talented employees.	Meyers & van Woerkom, 2014
Need for flexible talent management strategies.	Vaiman et al., 2012
The lack of effective talent management strategies.	Farndale et al., 2010; Kim & McLean, 2012
Dearth of research on talent management in emerging economies and the need for more empirical research.	Chuai et al., 2008; Farndale et al., 2010; Hartmann et al., 2010; McDonnell et al.,
	2010; Meyers & van Woerkom, 2014;
	Sparrow, 2012; Tarique & Schuler, 2010;
	Tymon et al., 2010; Vaiman et al., 2012
The fast growth of emerging economies and the need to link talent management issues more closely with diversity management, multicultural workforce, and female employees.	McDonnell et al., 2010
The growing importance of emerging economies as one of the main factors currently influencing decision-making in talent management.	Vaiman et al., 2012
Application of Western-talent management theory in emerging economies.	Vaiman et al., 2012

van Woerkom, 2014; Sparrow, 2012; Tarique and Schuler, 2010; Vaiman et al., 2012). A few recent empirical studies examine in more detail specific countries such as China and India (Bhatnagar, 2007; Chadee and Raman, 2012; Chuai et al., 2008; Cooke and Saini, 2015; Cooke et al., 2014; Hartmann et al., 2010; Teagarden et al., 2008; Tymon et al., 2010). A few studies have also examine other emerging economies such as Central and Eastern Europe, including Russia (Holden and Vaiman, 2013) and Poland (Moczydłowska, 2012), the Middle East (Sidani and Al Ariss, 2014), and other parts of the Asia-Pacific region (McDonnell et al., 2012).

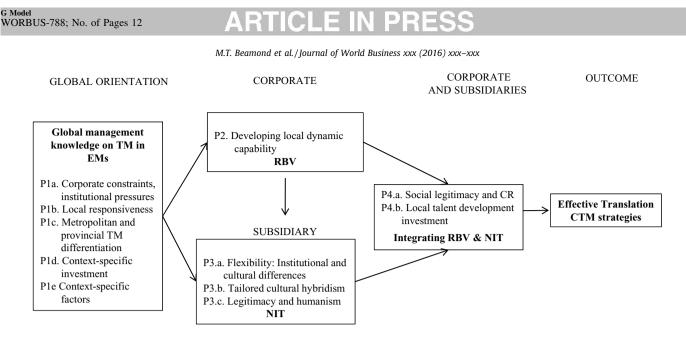
Collectively, these studies identify a number of generic talent management issues across emerging economies (see Table 1). These challenges can be summarized as including difficulties in replicating local tacit knowledge, and skill shortages. The latter refers both to skilled expatriates from MNEs managing culturally complex and geographically distant countries, and to a shortage of home-grown talent in emerging economies. In addition, strong competition exists between MNEs and local players for available talent and retention of talent. Other relevant issues include a lack of effective talent management strategies, and a lack particularly of empirical research. In addition, the fast growth of emerging economies, and the need to link MNE talent management strategies to managing gender and cultural diversity are also relevant in emerging economies. There is therefore a need for flexible talent management strategies that can surpass the limitations of extant theory for emerging economies.

Taking a more nuanced perspective exploring emerging economies at country or regional level, local differentiating factors include skill availability, business cultures, corporate social responsibility, and rapid economic, social and political transformation. Table 2

#### Table 2

Country or regional level factors affecting talent management in emerging economies.

Country/Region	Factors	Reference
China	MNE deficiency in reacting to local content to increase responsiveness. Local talent lack necessary language and interpersonal competencies to work for MNEs.	Hartmann et al., 2010 Farndale et al., 2010
	The need to focus on differentiated capacity-building requirements.	Cooke et al., 2014
India	Loyalty and organizational culture are important for engagement. Social responsibility of the employer, pride in the organization, manager support, and performance management are key intrinsic rewards characteristic of the success of talent management strategies.	Bhatnagar, 2007 Tymon et al., 2010
	Distrust, corporate and professional culture, time orientation and time zone differences, language and communication noise, and turbulent talent markets are invisible barriers to knowledge sharing.	Teagarden et al., 2008
Russia	Talent management is presented as dysfunctional in light of the Soviet experience, and the sanctioned business-antagonistic political culture.	Holden & Vaiman, 2013
Poland	The management style remains bureaucratic and authoritarian.	Moczydłowska, 2012
Central and Eastern Europe	Rapid economic, social and political transformation in post-communist countries resulting in a lack of knowledge of management practices and work relationships.	Vaiman & Collings, 2013
Arab Gulf	The acceptance and tolerance of companies of local rules (or legal constraints of localization) to sustain their legal legitimacy is reflected in their talent management policies and practices.	Sidani & Al Ariss, 2014
Asia Pacific	Local talent who choose to work in foreign companies are work-centric, financially oriented and collectivist.	McDonnell et al., 2012
Next-11 countries (Bangladesh, Egypt, Indonesia, Iran, South Korea, Mexico, Nigeria, Pakistan, the Philippines, Turkey and Vietnam)	Talent management challenges differ according to country size, performance and potential.	Vaiman & Collings, 2013
Brazil, Russia, India, China, and the United Arab Emirates	Gender: lack of talent management strategies to focus on highly educated women surging into the labor markets.	Hewlett & Rashid, 2011
BRICs (Brazil, Russia, India and China) and MISTs (Mexico, Indonesia, South Korea and Turkey)	Demand for human capital, hence short supply of talent: identification of local talent.	Collings, 2014



TM: Talent management; CR: community relations; EMs: emerging economies; RBV: resource based view; NIT: Neo-institutional theory ; FDI: foreign direct investments

Fig. 1. Integrative theoretical framework of the translation of talent management strategies to subsidiaries in emerging economies. TM: talent management; CR: community relations; EMs: emerging economies; RBV: resource based view; NIT: neo-institutional theory; FDI: foreign direct investments.

summarizes a range of factors that create particular talent management challenges in specific countries or regions.

At a final level of analysis, there are also potential withincountry variations to talent management challenges. Some MNE emerging economy subsidiaries operate in both provincial (rural, less developed) as well as metropolitan (urban, more developed) locations (Heberer, 2013; The Economic Times, 2013). It is therefore important to explore the extent to which CTM strategy translation is affected by institutional and cultural differences between metropolitan and provincial locations (Gong et al., 2011), and consequently how CTM strategies are shaped by those differences.

#### 3. Heuristic framework

Based on this review of the literature, we present a heuristic framework for this study (Fig. 1), which identifies factors affecting CTM strategy translation at corporate and subsidiary levels. The level of knowledge held by global managers regarding key talent management factors in emerging economies (as identified in the review) is proposed to influence the effectiveness of translation in both corporate and subsidiary contexts.

#### 3.1. Global knowledge of talent management in emerging economies

Dries (2013) observes that the most often-cited talent management articles apply a resource-based view lens. Building on the idea that employee talents are valuable, rare, inimitable and non-substitutable resources that can help to outperform competitors, several researchers have used RBV theory (Meyers and van Woerkom, 2014) to show that organizations that have more people with talent gain sustainable competitive advantage (Snell et al., 1996). However, investigating talent and talent management purely from a resource-based view may be insufficient to capture "mechanisms that come into play when managing individuals" (Nijs et al., 2014, p. 181).

Analyzing talent management in emerging economies comprises different institutional environments. Institutional theory can complement the RBV in explicating CTM in MNE emerging economy subsidiaries by defining the mechanisms (DiMaggio and Powell, 1983) that challenge regional translation: locally-specific normative standards and routines: coercive external power sources, such as government regulations; and mimetic adoption of patterns in response to uncertainties. Lack of attention to institutional structures in emerging economies is likely to impede talent management practices (Sidani and Al Ariss, 2014). Neoinstitutional theory can help explain talent management in local contexts that have high levels of institutional social embeddedness (Morgan and Quack, 2005). For example, this theory can be applied to explain the effects of both metropolitan and provincial level translation, and also receptivity to talent management strategies (Vaiman et al., 2012). Recent institutional theory research (e.g., Cooke et al., 2014; Festing et al., 2013; Sidani and Al Ariss, 2014) highlights how cultural, institutional forces and distances between corporate headquarters and subsidiaries impede effective talent management (Mellahi and Collings, 2010; Sparrow et al., 2013). Further talent management research focusing on institutional environmental mechanisms that affect talent management in internal and external contexts is therefore required (Thunnissen et al., 2013).

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In summary, an MNE's competitive advantage is affected by key factors that influence talent management decision-making. At the corporate level, the RBV focuses on cultivating internal resources and capabilities, while at the subsidiary level, institutional forces affect the reaction of firms to different environments (Farndale and Paauwe, 2007). Competitive environments encourage labor productivity and organizational flexibility, while social legitimacy addresses institutional pressures (Boxall and Purcell, 2003; Farndale and Paauwe, 2007). Key actors may thus influence corporate and subsidiary legitimacy as they cope with pressures generated simultaneously by corporate constraints and institutional pressures wrought by complex emerging economies (Ahlstrom et al., 2008). These actors receive, translate and communicate CTM strategies intended to provide high performance and sustainable competitive advantage. Nevertheless, key actors from global-corporate and subsidiary levels may have different mindsets regarding the talent required for sustainable competitive advantage, and the cultural factors influencing emerging economy talent management. Thus, it is proposed that:

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#### 6

#### **Proposition 1a** (.).

Assessment of both corporate constraints and local institutional pressures is required to translate CTM from corporate to subsidiaryemerging economies.

In institutional and cultural contexts, CTM strategy translation starts with strategy development in the home-country corporate headquarters, and ends with the transfer to subsidiaries in other (host) countries. Kostova (1999) conceptualizes country-levels effects (or organizational practices across countries) by focusing on a country's institutional-rather than cultural-characteristics, but this may be too narrow a focus when studying emerging economies. We propose that CTM strategy translation to emerging economies needs to incorporate both complex cultural and institutional characteristics (Cooke et al., 2014) that influence local responsiveness (Ghoshal and Nohria, 1989; Luo, 2001). Insights from diverse institutional and cultural contexts are important to recognizing different talent management concepts and to understand "novel theoretical insights reflective of academic traditions in different nations and regions" (Vaiman and Collings, 2013, p. 1738).

Differences between home and host countries including national regulations, institutions and culture (Taylor et al., 1996) affect CTM translation. Local responses to corporate strategies are influenced by interpretations and perceptions of the strategy, which are shaped by institutional and relational contexts in the organization (Kostova and Roth, 2002). The institutional context reflects laws and regulations, social knowledge, values, beliefs, and norms (Kostova and Roth, 2002). Emerging economies offer divergent contexts that can produce institutional voids for MNEs (Khanna et al., 2005). The effectiveness of organizational talent management in these economies "requires tacit knowledge of local context, which is scarce and dispersed in these global entities" (Harvey et al., 2000, p. 227). Local knowledge, such as language, culture, politics, society and economy, may be more tacit than in developed countries (due to a lack of extant research) and thus challenging to comprehend (Li and Scullion, 2010). Therefore, special attention must be paid to local institutions and the way local human capital (including hostcountry nationals employed by subsidiaries) might interpret and receive CTM strategies. Therefore, we propose that:

#### Proposition 1b (.).

Acknowledgment of the need for local responsiveness is required to translate CTM from corporate to subsidiary in emerging economies.

The basic national cultural patterns that influence the efficiency of groups and individuals (Green et al., 2005) can be recognized in Hofstede's (1980) seminal study of societal culture. A crossanalysis of eleven developed and emerging economies shows that the emerging economy group is particularly more collectivisticrelationships are prioritized over tasks-while the developed countries group is individualistic-tasks are prioritized over relationships (Mooij, 2010) (see Appendix 1). Researchers affirm that about 70% or more of the worldwide population is collectivistic, including Asian, Latin American and African cultures (Mooij, 2010) where most emerging economies are located. Uncertainty avoidance is one dimension of national culture on which emerging economies are, also differentiated (Hofstede, 2004). China (like the developed economies of the USA, UK, Sweden, and Denmark) has a low uncertainty avoidance score, meaning they are comfortable with ambiguity. Chile (like most Latin American countries) scores high on uncertainty avoidance (The Hofstede Centre, 2013). The way each emerging economy country or region addresses talent management issues (e.g. attracting, managing and retaining talent) may depend on such local cultural variables (Tymon et al., 2010).

Research on both talent management and HRM demonstrates the need for theories to consider not only the shared understanding of collectivistic emerging economy cultures (Elvira and Davila, 2005a), but also the differences that exist among cultures in emerging economies. More accurately, this can be seen when MNEs operate in metropolitan and provincial regions. For example, even in rapidly urbanizing India, about two-thirds of the population live in 640.000 provincial villages (Bagla, 2008). About two-thirds of firms in India plan to expand rapidly to rural markets despite the limitations of talent and adequate physical and social infrastructure (The Economic Times, 2013). In China, entrepreneurs from the Liangshan Prefecture in Sichuan Province operate under different conditions than those in more developed regions (Heberer, 2013). In addition, they work under different values, goals and priorities, and are connected with different local and ethnic communities (Heberer, 2013). Subsidiaries in provincial regions may, therefore, need to develop different talent management strategies than those in metropolitan areas to achieve effective reception of them. Thus,

#### **Proposition 1c** (.).

Differentiating talent management needs at metropolitan and provincial levels is required to translate CTM from corporate to subsidiary emerging economies.

Context-specific analysis aids translation. Studies of Asian management (Lau, 2002, p. 4) note that "a majority of the body of knowledge in management today is work done by non-Asians", and mainly address USA or European issues. This has resulted in "a lack of theory development and contribution to conceptual discourse beyond an audience specifically interested in Asia, with little relevance for management practice" (White, 2002, p. 287). To resolve these research issues, recent studies advocate a higher level of context-specific research, or knowledge that is valid for a specific local context (Tsui, 2004). Context-specific research should be indigenous, including work by local researchers using local language, and certifying that the research is connected to the existing knowledge base through explicit contextualization (Tsui, 2004).

Building on Tsui (2004), context-specific or indigenous understanding is essential to develop and translate CTM strategies in emerging economies. There is, for example, a functional tension between whether talent is innate (talent management practices that emphasize talent identification and selection) or acquired (talent management practices that aim to develop and gain experiences) (Dries, 2013; Meyers and van Woerkom, 2014; Meyers et al., 2013). While Meyers and van Woerkom (2014) note that in many Western cultures, talent is commonly seen as an innate capability that leads to above-average performance, this may not be the case in emerging economies. We suggest that in these countries, talent may represent exceptional accomplishments over several years of development, as training and developing local talent is a key factor in emerging economies (Davila and Elvira, 2012) where acquired capability leads to aboveaverage performance.

Another functional tension relates to talent management investment (Becker and Huselid, 2006). Research on workforce differentiation advises that resources should be invested in order to attract, select, and retain talented employees for key organizational positions (Becker and Huselid, 2006). According to Meyers and van Woerkom (2014), talent investment includes employer branding or organizations' effort to promote their desirable employer reputation (Backhaus and Tikoo, 2004; Vaiman et al., 2012). In addition, investment focuses on placing the right people in the right position (McDonnell, 2011). Investment also consists of devising HRM practices to enhance the commitment of talented, or highly unique and valuable, employees (Lepak and Snell, 1999).

These investments may have different applications in emerging economies. For example, in middle and low-income economies, talent investments may be focused on the value of sustainable local enterprise, the role of business in poverty reduction, and training or developing local people to create talent (United Nations, 2007). Hence, investment in talent plays an important role in emerging economies and may enhance the translation and reception of CTM strategies. Thus, we propose that:

#### Proposition 1d (.).

Acquired talent and context-specific talent investment strategies are required to translate CTM from corporate to subsidiary emerging economies.

Extant emerging economy research identifies three primary local contextual factors affecting MNE talent management. First, when a leadership talent shortage is one of the foremost issues a firm faces (Cappelli, 2008), an effective CTM strategy is a major component of the success or failure of the firm (Collings et al., 2007). Second, corporate social responsibility (CSR) has become useful for attracting high-quality international talent, and is a critical talent management factor for MNEs at home and hostcountry levels (Vaiman et al., 2012). More specifically in the collectivist emerging economies, community relations take on a similarly critical role. Community relations are a functional component of CSR but with broader applicability (Altman, 1999; Kemp, 2006), particularly in emerging economies (Davila and Elvira, 2012; Jackson et al., 2008; Tymon et al., 2010). Third, the growing level of diversity-including gender, ethnic, cultural and generational factors-in organizations globally also impacts talent management (Vaiman et al., 2012). In summary, we suggest that while the specific importance of these three local factors might vary in each emerging economy context, overall they-skilled labor shortages, community relations and diversity-influence CTM strategy translation in emerging economies. This leads us to formulate the following proposition:

#### Proposition 1e (.).

Consideration of context-specific factors (skill shortages, community relations, and diversity) is required to translate CTM from corporate to subsidiary emerging economies.

#### 3.2. Corporate: global to local aspects of talent management

Although valuable resources are likely to be scarce in emerging economies, "the available resources are not necessarily inimitable" (Hoskisson et al., 2000, p. 257). MNEs can manage their resources by producing and/or acquiring talented local managers and by influencing the formation of skills through involvement in the local education system (Farndale et al., 2010). Moreover, while population size in most developed economies remains steady as it ages, populations in many emerging economies are increasing while the average age is decreasing (Strack et al., 2008; Tarique and Schuler, 2010). Therefore, emerging economies are a useful source of potential talent. CTM strategies should consider this when developing "global talent strategies that leverage skills and capabilities across markets" (Deloitte, 2011, p. 11).

Talent management investments to acquire local capabilities may need to be differentiated from those in developed countries. For example, current research in developed economies focuses on acquiring and creating talent management strategies for women. In the labor markets of Brazil, Russia, India, China, and the United Arab Emirates, millions of very educated women have better credentials, higher ambitions, and greater loyalty than their male peers (Hewlett and Rashid, 2011), and millions of other women wish to be educated and trained. However, attracting and retaining talented women in these economies requires different strategies than those used in developed economies. Complex cultural factors involving relatives and extreme work hours may need special attention (Hewlett and Rashid, 2011). Taking a more dynamic approach to developing capabilities at the corporate level, for example through the acquisition of talent via HRM strategies to enhance skills specific to an emerging economy context, may assist in the translation of CTM strategies. This argument leads to the next proposition:

#### **Proposition 2** (.).

Developing locally contextualized dynamic capabilities is required to translate CTM strategies in emerging economies.

#### 3.3. Subsidiary: flexibility, hybridism and humanism

Talent management at the global level requires "more flexible forms of international staffing as well as the traditional forms of international assignment" (Vaiman et al., 2012, p. 932). There is a shift from a traditional psychological contract to flexibility and becoming less committed to a single firm (Vaiman et al., 2012). In developed economies, this flexibility may appear in different forms including short-term and international commuter assignments, and virtual teams (Collings et al., 2007), but this flexibility in the institutional environments of emerging economies may be linked to distinct characteristics underpinning different approaches to talent management that are often ignored (Cooke et al., 2014).

These characteristics include persistent psychological contracts in some regions such as Latin America and Africa (Davila and Elvira, 2009, 2012; Jackson et al., 2008). This requires different flexible strategies. The embeddedness of implicit social contracts, and trust and commitment at provincial level may be even more innate to locals than those from metropolitan regions. For example, in provincial locations, the meaning of work is more likely to be related to community. In addition, talent management investment to acquire and develop talent in metropolitan locations is more likely to focus on highly educated employees, but provincial employee recruitment may need to focus more on labor and environmental regulations, workforce qualifications, and cultural aspects that affect labor productivity (Jara et al., 2010). Professional women face gender, ethnic and cultural issues in emerging economies (Hewlett and Rashid, 2011), though further evidence is emerging about the positive role of women, particularly in top management and with respect to strategic decision-making (McGuinness et al., 2015).

The intricate implicit social contract between employees and employers "based on relationships of trust and commitment" (Elvira and Davila, 2005b, p. 2268) is vital in most emerging economies. However, the role and meaning of work might not be recognized, particularly by those living in provincial regions. We therefore recommend that talent management strategies incorporate elements that can be adapted to local contexts. This adaptability, which might include institutional and cultural factors at metropolitan and provincial levels, will lead to effective strategy translation. Thus, we propose that:

#### **Proposition 3a** (.).

Flexible fit to institutional and cultural differences embedded in each emerging economy (at metropolitan and provincial levels) is required to translate CTM strategies in emerging economies.

The perception by local recipients of CTM strategies could be "so foreign that they defy translation" (Boxenbaum, 2006, p. 939) due to the diversity of emerging economies. Contextually flexible

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CTM strategies might therefore address this diversity by drawing on *hybridism* from organizational studies. Hybridism is the review of indigenous management practices "to understand the criteria used by local management, to acquire and interpret foreign practices for implementation" (Davila and Elvira, 2012, p. 551). Therefore, contemporary management in MNEs needs to understand the historical processes forming the communities, while identifying local management practices.

For example, Volvo do Brazil (VdoB) introduced the hybridized "Brazilian Volvo culture" using lean production thinking and teamwork to preserve the human-oriented aspect of the culture (Wallace, 2004, p. 811). Managers of subsidiaries in Mexico, Thailand and Israel with MNE headquarters in Sweden or the USA use different management styles or hybridized a corporate style with their own subsidiary context-specific differences (Shimoni, 2008). A Mexican subsidiary exemplified this mix of corporate ideals (self-management, teamwork, delegation, and decentralization) with local characteristics (respect for authority and a loose organizational orientation: Shimoni, 2008). In addition, the local executive defines the Swedish local manager as "grandfather" (Shimoni, 2008, p. 113), acknowledging Latin American paternalistic leadership style.

Because paternalism positively affects employee attitudes in collectivistic and high power-distance cultures by increasing the value of personal and social bonds with workers, it is an appropriate leadership style in emerging economies (Gelfand et al., 2007). While recent studies of paternalism in emerging economies including India, Turkey, China and Pakistan, show that the paternalistic relationship is reciprocated by demonstrating compliance (Pellegrini and Scandura, 2006), the concept has been negatively perceived in Western literature (Pellegrini and Scandura, 2006). Therefore, instead of pure paternalism, a hybrid leadership style that reflects unique cultures and values might be more appropriate. Employees' particular personal and social relationships, whether driven by the home country or unique to emerging economies, are key to successful leadership. It is therefore proposed that:

#### Proposition 3b (.).

Tailored cultural hybridism is required to translate CTM from corporate to subsidiary emerging economies.

Strategies reflecting local collectivist values are related to humanistic management (Jackson et al., 2008). Humanistic management focuses on human needs and motivations to achieve organizational success, i.e. fitting jobs to employees' capabilities, aspirations and values increases motivation. Pirson and Lawrence (2010) assert that "person-organization fit" (2010: 560) provides respect for the employee and views humans holistically.

Humanistic views have been studied in emerging economies. South African and Latin American studies indicate the importance of humanity (e.g., attending family functions of colleagues and even their relatives) in these organizational cultures (Davila and Elvira, 2009, 2012; Jackson et al., 2008; Mutabazi, 2002, chap. 15). This humanistic view, which holds that culture and management are very important to the management of talent (Elvira and Davila, 2005a) is exemplified by Latin American and African work cultures where social and psychological contracts center on the person as part of the community. This balances the individual and economic perspectives of organizations (Davila and Elvira, 2009, 2012; Jackson et al., 2008). Some companies find that employing family members is a beneficial strategy that ensures trust, loyalty and responsibility (Elvira and Davila, 2005a). Consequently, we propose that integrating humanistic management views in CTM strategies may gain legitimacy from receivers:

#### **Proposition 3c** (.).

Acknowledging humanism generates legitimacy, which is required to translate CTM from corporate to subsidiary emerging economies.

#### 3.4. Corporate and subsidiary: integrating RBV and NIT

Focusing on the internal resources, capabilities and competencies of subsidiaries in emerging economies may be insufficient to achieve sustainable competitive advantage. It is also important to attend to other host country environmental characteristics such as community relations that assist MNEs in retaining the social license (legitimacy) to operate. The popularity of responsibility concepts has assisted in raising the status of community relations within corporations (Altman, 1999).

The importance of community relations in gaining social license in emerging economies can be illustrated in the mining industry, particularly when subsidiary dependence on the home country is high because the MNE is powerful (Farndale and Paauwe, 2007; Kostova and Roth, 2002). Loss of community for a mine could affect return on investment (Nelsen, 2009). Gaining license to operate, competitive advantage and growth, involve developing values, tools and practices to portray the MNE as accountable, credible, flexible, capable, and legitimate to the industry in which they operate (Nelsen, 2009). As a talent management tool, a socially responsible reputation can increase motivation and engagement (Vaiman et al., 2012), and might positively affect strategy translation. For example, in Peru, community development programs (e.g., education, training, domestic violence programs) are key to gaining local legitimacy (Gifford et al., 2010). In emerging economies, CTM strategies need to consider the social contract integrating organization, employee and community (Davila and Elvira, 2012). This leads to the following proposition:

#### **Proposition 4a** (.).

Acknowledging community relations generates social legitimacy, which is required to translate CTM from corporate to subsidiary emerging economies.

The level of FDI in emerging economies may determine the level of talent management investment. In the Arab Gulf region, companies are more willing to acquire and develop local talent than to develop foreign talent (Sidani and Al Ariss, 2014) because of the need to fill gaps in demand and supply for workers, and because government policies require hiring locals. For example, some of the largest FDIs in emerging economies are from oil or mining MNEs, whose businesses are located far from metropolitan locations and require large numbers of skilled workers. "In many cases, the locals are not seen as talents, but as workers employed to lift regulatory pressures" (Sidani and Al Ariss, 2014, p. 219). Consequently, subsidiaries with significant financial concerns in emerging economies may need to focus their attention to developing local skills. We therefore make the following final proposition:

#### Proposition 4b (.).

Greater attention to talent management development where MNEs have made large investments is required to translate CTM from corporate to subsidiary emerging economies.

#### 4. Discussion

This study contributes to the talent management literature by addressing questions raised in the translation literature. The heuristic framework (Fig. 1) synthesizes the resource-based view of the firm and institutional forces to explain translation of CTM

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strategies between corporate and subsidiary. Both theories provide understanding, at corporate and subsidiary levels, about how MNEs can maximize talent management in emerging economies by addressing apparent talent management challenges. The application of both theoretical lenses simultaneously provides a theoretical bridge between talent management and emerging economies. Focusing attention on the importance of achieving the corporate strategic direction by developing local capabilities and being locally responsive, and subsidiary flexibility based on institutional and cultural differences, lead talent management researchers to recognize the significance of social legitimacy, community relations, and investments in these regions for translating CTM from corporate to subsidiary emerging economies.

Acknowledging and differentiating metropolitan and provincial levels of research within emerging economies, this study also significantly contributes to the talent management field with a theoretical foundation from which this can be explored in greater depth. In addition, the focus on translation provides talent management research with a new perspective. Because of its polysemic nature, the translation concept can assist researchers in better understanding the talent management globalization– localization balance. By recognizing the various local contextual factors evident around the globe, particularly in emerging economies, talent management strategies need to be transformed and transferred without reappearing unchanged (Czarniawska, 2012).

#### 4.1. Managerial contributions

Because talent management is important for organizational competitive advantage (Meyers and van Woerkom, 2014), firms that aspire to achieve this in emerging economies need to understand host countries' varying environments to translate CTM strategies there (Björkman and Budhwar, 2007; Tymon et al., 2010). By extending the talent management research to emerging economies, managers may be able to understand the extent to which complexity and dynamism in these economies compound practice adoption (Kostova and Roth, 2002), drivers of practices (Farndale and Paauwe, 2007), and the contradictory pressures faced by managers (Rupidara and McGraw, 2011). MNE talent management strategies must take into account external corporate pressures (e.g. globalization) as well as institutional factors at host country level (e.g. community relations, skills shortages, and diversity) that affect translation. Furthermore, firms need to analyze various institutional factors at metropolitan and provincial levels within emerging economies. To avoid the lost in translation gap at the local level, talent management needs to recognize each emerging economy's historic, economic, cultural and institutional factors at both metropolitan and provincial levels. Four challenges to MNE decision-making about CTM are presented: global scarcity of talent (Farndale et al., 2010; Meyers and van Woerkom, 2014); dynamism of operating environments (Yost and Chang, 2009); HRM strategy formation in heterogeneous emerging economies (Wright et al., 2005); and managing talent in the global context (Vaiman et al., 2012). These CTM decisions have ramifications for global competitive advantage and the growing importance of emerging economies for MNEs.

#### 4.2. Limitations and future research

Despite an extensive discussion of the talent management situation in emerging economies facing MNEs, we acknowledge that this study has not addressed the more dynamic process role of senior managers from both corporate and subsidiary levels in making talent management decisions. This can be particularly relevant when local senior managers at subsidiary levels have the tacit knowledge to differentiate between metropolitan and provincial areas for better receptivity of corporate strategies. In this study, we analyzed factors that affect the translation of CTM strategies at a macro or strategic level. As such, we have not indicated factors at micro or practical levels of analysis, and how they may affect the translation process. We also focus this study on MNEs from developed economies with subsidiaries in emerging economies. We fail to capture possible dissimilar factors, other than those proposed here, that affect the translation of CTM strategies from MNEs from emerging economies to other emerging economies, or to developed economies.

We propose that the use of the resource based view and neoinstitutional theories will help provide support for more empirical research in the future. We emphasize the need for more empirical studies on talent management at micro level to complement the macro perspective adopted here. Furthermore, empirical talent management research would benefit from exploring the diversity of emerging economies. We suggest that further qualitative CTM research should be undertaken, especially in emerging economies beyond China and India, to explore talent management factors that may affect translation. For example, data is needed to test institutional and cultural differences, diverse types of hybridism, how to achieve legitimacy, and the importance of community relations and investment in the different economies (especially comparing between provincial and metropolitan locations).

Demographic shifts such as aging populations in developed economies and growing young populations in emerging economies (Clemens et al., 2008) are also significant developments. Future talent management research needs to develop strategies for developing talented young capabilities in emerging economies. The current focus of talent management has been on MNEs (e.g., Farndale et al., 2010) and on professional services including finance and law (Groysberg, 2010), but research on specific industries with important investments in emerging economies is scarce.

#### 5. Conclusion

This study has presented an integrative framework for the translation of CTM strategies to subsidiaries in emerging economies by balancing resource-based and neo-institutional views. We offer three primary conclusions. First, global knowledge of emerging economies (corporate constraints, local institutional pressures, local responsiveness, metropolitan and provincial talent management needs, context-specific investment, and context-specific factors) can enhance talent management strategies.

Second, while this general level of knowledge is important, it is insufficient for effective translation. Hence, it is crucial to identify and investigate more detailed, country-level context-specific factors, particularly in terms of institutions (Ahlstrom et al., 2014). At corporate level, the main focus is to develop locally contextualized dynamic capabilities to achieve a sustained competitive advantage.

Third, in order to develop contextualized dynamic capabilities, it is important to understand the main factors that affect translation at subsidiary level. Therefore, flexible fit to institutional and cultural differences, tailored cultural hybridism, humanism, community relations, and large investments in scarce skill resources are key to generating legitimacy. We propose that these key factors, if included in CTM strategies, encourage subsidiary receptivity. The management of corporate and subsidiary institutional pressures influences the achievement of legitimacy, which is crucial for translating CTM strategies.

How can MNEs translate corporate talent management strategies to their subsidiaries in emerging economies? Our theoretical framework (Fig. 1) demonstrates that integration of the resourcebased view and neo-institutional theory perspectives can provide

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strong explanatory power about how to address this question. This understanding will enable MNEs to develop a more contextualized approach to translating corporate talent management strategies from developed economies into emerging economy subsidiaries.

#### Appendix 1. Developed countries vs. emerging economies

Geert Hofstede cultural dimensions index – a group example analysis

The Hofstede model (Hofstede, 2001) differentiation of individualism vs. collectivism cultures between emerging economies, and developed countries.

Emerging econom	ies	Developed countries	
Country	IDV	Country	IDV
Panama	11	United States	91
Venezuela	12	Australia	90
Colombia	13	United Kingdom	89
China	20	Switzerland	68
Nigeria	20	Sweden	71
Chile	23	Norway	69
Malaysia	26	Netherlands	80
Mexico	30	Germany	67
Philippines	32	Finland	63
Brazil	38	Denmark	74
India	48	Austria	55

*Note*: In these sample groups, the United States is the most individualistic developed country, and Panama is the most collectivistic emerging economy.

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